

**TRABUCO CANYON WATER DISTRICT
FINANCE/AUDIT COMMITTEE MEETING RECAP
FEBRUARY 3, 2010**

DIRECTORS PRESENT

Jim Haselton, Committee Chair
Mike Safranski, Committee Member

STAFF PRESENT

Don Chadd, General Manager
Hector Ruiz, District Engineer
Sharon E. Smith, Secretary/Treasurer
Mike Perea, Special Projects Manager

PUBLIC PRESENT

No members of the public were present.

CALL MEETING TO ORDER

Committee Chair Haselton called the February 3, 2010
Finance/Audit Committee Meeting to order at 7:05 a.m.

VISITOR PARTICIPATION

Public comments were announced. No comments were received.

ORAL COMMUNICATION

Oral communication was announced. No comments were received.

COMMITTEE MEMBER COMMENTS

Committee Member Safranski suggested that consideration be given to holding one instead of two monthly Finance/Audit Committee Meetings to reduce staff time and expense. Committee members would be still be available to execute checks in a timely manner. The suggestion was well received.

REPORT FROM THE GENERAL MANAGER

Mr. Don Chadd, General Manager, provided information relating to the February 5, 2010 Groundbreaking Ceremony at the well site. Additionally, the contractor has begun the mobilization process.

ACTION ITEMS

ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP

The January 19, 2010 Finance/Audit Committee Meeting Recap was presented to the Committee. No changes were made to the Recap.

Recommendation: The Committee recommended that the January 19, 2010 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar)

ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES AND FUTURE MEETINGS

The Committee reviewed this matter.

Recommendation: The Committee recommended that the Board ratify the Directors' expenses for December 2009, fees for January 2010, and future meetings, February through June 2010. (Consent Calendar)

ITEM NO. 3) DISCUSSION RELATING TO CONTINUING DISCLOSURE ANNUAL REPORT, REASSESSMENT DISTRICT NO. 5

Ms. Sharon Smith, District Treasurer, reviewed this matter with the Committee, noting that the bond issue will be paid in full in 2010. She recommended approval of the report.

Recommendation: The Committee recommended that the Board receive and file the Continuing Disclosure Annual Report, Reassessment District No. 5, for fiscal year ended June 30, 2009. (Consent Calendar)

ITEM NO. 4) STATUS UPDATE RELATING TO WATER MONITORING AND WATER CONSERVATION EFFORTS

Mr. Chadd noted that the District will resume taking water from the Baker Pipeline on February 4, 2010. The District continued using Irvine Lake water until the Baker Pipeline was flushed.

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Mr. Chadd also stated that water is being pumped from the Rose Canyon well.

ITEM NO. 5) STATUS REPORT RELATING TO FY 2009/2010 SPECIAL ASSESSMENTS

Ms. Smith provided a status of the collection of the special assessments; 50 percent of the assessments have been collected as of January 2010.

Recommendation: The Committee received and filed the status update. No action necessary.

ITEM NO. 6) OTHER MATTERS

Mr. Chadd stated that the draft audited financial statement for fiscal year ended June 30, 2009 will be brought before the Committee and Board in March following further discussion concerning the GASB 45 report.

ITEM NO. 7) TREASURER'S REPORT

ITEM NO. 7A) PRESENTATION OF DECEMBER 2009 UNAUDITED FINANCIAL STATEMENT

Ms. Smith reviewed the December 31, 2009 preliminary unaudited financial statement. The Assets and Liabilities were reviewed. Special tax levies and ad valorem property taxes were received in December.

The Statement of Revenues and Expenses was discussed. The operating revenue is 52% collected year-to-date, and expenses are 48% of budget. The domestic water sales are higher than prior year by about \$87,000. Agricultural sales are 107% of budget. Reclaimed and recycled sales also increased over prior year.

Regarding operating expenses, the District received a "premium holiday" from one of the health carriers in December of 2009.

Contracted professional services increased slightly due to a timing issue on paying the auditor's invoice.

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The year-to-date Net Non Operating Income (Loss) is \$3,104,598 for Fiscal Year 2009/10 compared to \$2,986,613 for Fiscal Year 2008/09.

Mr. Chadd stated that the District is currently selling about 700 gallons per minute of dry season water recovery water to Santa Margarita Water District.

Recommendation: The Committee recommended that the Board receive and file the December 2009 preliminary unaudited financial statement, as presented. (Consent Calendar)

5B) BILLS FOR CONSIDERATION

The bills for consideration were presented.

Recommendation: The Committee recommended that the Board ratify payment of the February 3, 2010 bills for consideration in the amount of \$140,119.75 and January 2010 payroll in the amount of \$177,892.67, as presented. (Consent Calendar)

ADJOURNMENT

Committee Chair Disston adjourned the February 3, 2010 Finance/Audit Committee Meeting at 7:45 a.m.